Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 AID-20 CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02

IGA-02 ABF-01 ARA-16 EA-11 AGR-20 SSO-00 NSCE-00

USIE-00 INRE-00 SAB-01 SAM-01 /166 R

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APPROVED BY P-M.R SISCO
SDA-RSHEGOGUE/FJACK/RBOR(DRAFT)
NEA/EGY-MSTERNER
NEA-AATHERTON
EB-MR. PLACKE
AID/FFP-WJENNETTE(DRFT)
ASIA/GC-MKITAY
AID/TFHA/GC-ARICHSTEIN(INFO)
ARA/CCA-MHOFFENBERG
S/S:WHLUERS

O 262107Z APR 74 FM SECSTATE WASHDC

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TO AMEMBASSY CAIRO IMMEDIATE

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E.O. 11652,NA/ TAGS: EAID, EG

SUBJ: PRESIDENTIAL WAIVER OF TITLE I PL 480 SALE TO EGYPT

1. ANY PL 480 TITLE I SALES AGREEMENT WITH EGYPT WOULD REQUIRE A PRESIDENTIAL FINDING THAT SUCH AGREEMENT IS IN US NATIONAL INTEREST. REQUIREMENT IS DICTATED BY SEC. 103(D)(3) WHICH BARS TITLE I TO COUNTRIES SELLING OR OTHERWISE FURNISHING COMMODITIES TO, OR PERMITTING THEIR SHIPS LIMITED OFFICIAL USE

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OR AIRCRAFT TO CALL AT, CUBA OR NORTH VIETNAM AND BY SEC-

 $103(\mathrm{D})(4)$ WHICH CATEGORICALLY EXCLUDES EGYPT FROM TITLE I UNLESS PRESIDENTIAL WAIVER OBTAINED.

- 2. SECTION 103(D)(3) PERMITS WAIVER FOR CUBA TRADERS
 ONLY IF TRADE OR SHIPPING IS LIMITED TO MEDICAL SUPPLIES,
 NON-STRATEGIC RAW MATERIALS FOR AGRICULTURE AND NON-STRATEGIC
 FOOD AND AGRICULTURAL COMMODITIES. WAIVERS NOT POSSIBLE
 FOR TRADE OR SHIPPING TO NVN, OR FOR OTHER ITEMS TO CUBA,
 OR IF EGYPTIAN SHIPS CARRY NON-STRATEGIC COMMODITIES
 OF THIRD COUNTRIES TO CUBA. WE HAVE NO RECORD OF EGYPTIAN
 TRADE WITH NORTH VIETNAM OR EGYPTIAN SHIPS OR AIRCRAFT VISIT
 ING CUBA OR NORTH VIETNAM. MOST RECENT STATISTICS
 AVAILABLE HERE (CY 1972) DO SHOW EXPORTS TO CUBA, BUT
 SUCH EXPORTS ARE LIMITED TO ITEMS MAKING WAIVER POSSIBLE.
 OUR FIGURES FOR CY L97L INDICATE EXPORTS OF FILAMENT LAMPS
 WHICH ARE AN IMPERMISSIBLE COMMODITY, HOWEVER OUR FIGURES
 DO NOT INDICATE SUCH TRADE HAS CONTINUED.
- 3. IN ORDER TO AVOID POSSIBLE CONGRESSIONAL DIFFICULTIES WITH CONTEMPLATED PL 480 SALE IN FY 1974 AND POSSIBLE FUTURE PROGRAMS, WE WANT TO ENSURE THAT PRESIDENTIAL WAIVER UNDER SECTION 103(D)(3) STANDS ON FIRMEST POSSIBLE LEGAL AND FACTUAL FOOTING. AT SAME TIME, WE WANT TO MAKE SURE EGYPTIANS AWARE OF OUR LEGISLATIVE RESTRICTIONS IN ORDER TO AVOID INADVERTENT ACTION WHICH WOULD REQUIRE US TO TERMINATE ASSISTANCE.
- 4. FOR FOREGOING REASONS, UNLESS YOU PERCEIVE SERIOUS OBJECTIONS, EMBASSY REQUESTED TO MAKE APPROPRIATE APPROACH TO GOE ALONG FOLLOWING LINES:

 A. AS GOE KNOWS, USG HAS NOT, IN CONNECTION WITH CONSIDERATION OF VARIOUS ASSISTANCE PROGRAMS WE HAVE DISCUSSED, ATTEMPTED IN ANY WAY TO INTERFERE WITH GOE RELATIONS WITH THIRD COUNTRIES. WE INTEND TO CONTINUE TO ADHERE STRICTLY TO THIS POLICY.
- B. AT SAME TIME, WE BELIEVE IT IMPORTANT THAT GOE BE AWARE THAT THE CONGRESS, IN PROVIDING THE LEGISLATIVE AUTHORITY FOR OUR ASSISTANCE PROGRAMS, HAS ESTABLISHED CERTAIN RESTRICTIONS REGARDING ASSISTANCE TO COUNTRIES LIMITED OFFICIAL USE

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WHICH MAINTAIN TRADE RELATIONS WITH CERTAIN COUNTRIES. IN PARTICULAR, WE ARE LEGALLY UNABLE TO PROVIDE OR CONTINUE ASSISTANCE TO COUNTRIES TRADING WITH OR PERMITTING THEIR VESSELS OR AIRCRAFT TO CALL IN CUBA OR NORTH VIETNAM. WE ARE ABLE TO WAIVE THE RESTRICTIONS WITH RESPECT TO TRADE WITH CUBA (NOT WITH NORTH VIETNAM), BUT ONLY IF THAT TRADE IS LIMITED TO MEDICAL SUPPLIES, NON-STRATEGIC RAW MATERIALS FOR AGRICULTURE AND NON-STRATEGIC FOOD AND AGRICULTUR-

AL COMMODITIES.

- C. SO FAR AS WE ARE AWARE, ASSISTANCE TO GOE WOULD NOT BE AFFECTED BY THESE PROHIBITIONS EXCEPT FOR GOE SALES OF COMMODITIES TO CUBA, WHICH, SO FAR AS WE KNOW, ARE LIMITED TO THE CATEGORIES REFERRED TO ABOVE, THUS MAKING A WAIVER POSSIBLE. WE WOULD APPRECIATE CONFIRMATION THAT FOREGOING UNDERSTANDING ACCURATELY REFLECTS GOE POLICY.
- D. WE HOPE GOE WILL UNDERSTAND THAT THIS INQUIRY IS MOTIVATED BY OUR DESIRE TO PUT ANY PL 480 SALES ON FIRMEST POSSIBLE LEGAL FOUNDATION TO MINIMIZE POSSIBILITY OF ANY CONGRESSIONAL DIFFICULTIES WHICH MIGHT PREJUDICE SUCCESS OF OUR REQUEST FOR FUNDS FOR FY-75. THERE IS CONSIDERABLE GOOD WILL IN THE CONGRESS TOWARD THE GOE AND OUR NEW RELATIONSHIP, AND WE WANT TO TAKE EVERY PRECAUTION TO AVOID THE POSSIBILITY THAT SITUATION MIGHT ARISE WHICH COULD UNNECESSARILY JEOPARDIZE THAT FAVORABLE ATTITUDE.
- 5. IF EMBASSY HAS OR CAN DISCREETLY OBTAIN ANY ACTUAL DATA ON TRADE, IF ANY, WITH CUBA OR NORTH VIETNAM FOR CY 1973 AND 1974, DEPT. NEEDS IT ASAP. KISSINGER

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: POLICIES, PL 480 TITLE 1, FOREIGN ASSISTANCE, CENTRAL GOVERNMENT

Control Number: n/a Copy: SINGLE Draft Date: 26 APR 1974 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE085946

Document Number: 1974STATE085946

Document Source: CORE

Document Unique ID: 00

Prafter: ARIMAS/L/EB-MSPIEGEL/L/NEA-NELSON/LS

Enclosure: n/a Executive Order: N/A Errors: N/A Film Number: D740099-1123 From: STATE

Handling Restrictions: n/a

Image Path:

Legacy Key: link1974/newtext/t19740410/aaaaaiao.tel Line Count: 138 Locator: TEXT ON-LINE, ON MICROFILM

Office: ORIGIN EB

Original Classification: LIMITED OFFICIAL USE

Original Handling Restrictions: n/a
Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE

Previous Handling Restrictions: n/a

Reference: n/a

Review Action: RELEASED, APPROVED Review Authority: GolinoFR

Review Comment: n/a Review Content Flags: Review Date: 13 AUG 2002

Review Event:

Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by boyleja>; APPROVED <20 FEB 2003 by GolinoFR>

Review Markings:

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: PRESIDENTIAL WAIVER OF TITLE I PL 480 SALE TO EGYPT

TAGS: EAID, EG, US, (NIXON, RICHARD M)

To: CAIRO

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005